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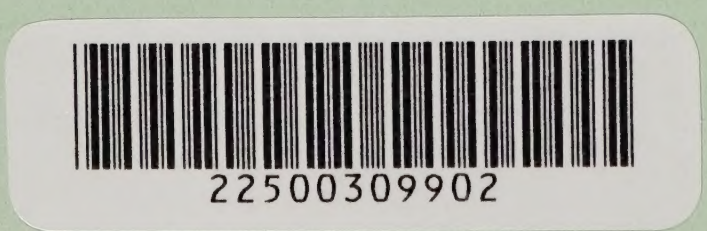
REBUILDING EUROPE'S FAT SUPPLIES

LEVER BROTHERS & UNILEVER LIMITED
LEVER BROTHERS & UNILEVER N.V.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REBUILDING EUROPE'S FAT SUPPLIES

The Problem and How to Meet it

LEVER BROTHERS & UNILEVER LIMITED
LEVER BROTHERS & UNILEVER N.V.
September, 1947

FEW OF THE MANY problems facing Europe today entail graver implications than the shortage of oils and fats. Upon the supply of these vital materials depend the health and living standards of all those populations struggling to rebuild the shattered economy of the Continent.

The problem, and some immediate steps that might be taken to alleviate it, were the subject of a speech delivered in London by the Chairman of Lever Brothers & Unilever Limited, and in Rotterdam by the Chairman of Lever Brothers & Unilever N.V., at the annual general meetings of those companies on 8th September, 1947.

It was suggested to the companies that the importance of the subject, not only in itself but as a part of the world picture of industrial problems, justified a reprint of the speech for a wider audience. This publication is the outcome. The original text has been amplified by a graph and a series of statistical appendices.

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REBUILDING EUROPE'S FAT SUPPLIES

Everywhere there is talk of shortages of all kinds—of goods and the raw materials to make them; of machines and the people to work them; of power and the coal to produce it; of foreign exchange and the exports to earn it.

It is of the shortage of goods and the raw materials to make them that I propose to talk today, and I shall do so in terms of the main products of this Company—edible fats and detergents, and their raw materials—animal and vegetable oils and fats.

While the story of these products and materials is a particular one, it may also serve the wider purpose of illustrating the sort of questions underlying other shortages. Some of the recommendations made to improve the position are of a general nature and applicable to other commodities. We shall see as we proceed that our problem is interwoven with the shortage of foreign exchange—a subject of world concern at this time and particularly so to Great Britain, Holland and other countries of Western Europe.

I

THE FACTUAL BACKGROUND

Pre-war Supplies

Let us take the pre-war situation as our background. I will begin by giving an idea of the quantities of oils and fats which were produced before the war. That will provide a standard against which to measure the shortages of the present time.

The annual supply amounted to nearly 20 million tons,[1] including butter fat. The largest producers were the United States, India, China, the Dutch East Indies, the Philippines and the Argentine. Europe, excluding Russia, produced 4 million tons, mainly in the form of butter, animal fats and olive oil.

Now it should not be imagined that the whole of this 20 million tons of oils and fats entered into international commerce. Most of it remained in the countries where it was produced, and only about $5\frac{3}{4}$ million tons[2] a year were exported. The participation in this export varied greatly from country to country. At the one extreme were the Dutch East Indies, Malaya and the Philippines, which exported most of their production, while China retained nearly all she produced, exporting only about 6 per cent.[3] The United States—a bigger importer than an exporter—was about 85 per cent.[4] self-supporting. Holland was 58 per cent.[5] and Great Britain only 10 per cent.[5] self-supporting.

1 *See Appendix A*
2 ,, ,, *B*
3 ,, ,, *L*
4 *See Appendix E*
5 ,, ,, *D*

The net imports of oils and fats by the countries of Europe, excluding Russia, were about 3½ million tons,[1] that is to say 61 per cent. of the world production available for export. Just short of two million[2] of world exports were made by the British, Dutch, French and Belgian Colonial Empires, and an additional ¾ million by British Dominions—mainly India and Australasia.

War-time Supplies

We need not dwell long on the supply situation during the war years, but a brief consideration of it is necessary in order to understand the position today. When the Germans overran most of Europe they thereby cut off from the world market a population which used to import annually about two million tons[1] of oils and fats. This resulted in a temporary abundance for the rest of the world, the only hindrance being the difficulty of obtaining the necessary freight.

During this period many tropical countries, including the Dutch East Indies, found it hard to obtain a market. This state of affairs, however, did not last long, for the entry of the Japanese into the war quickly cut off exports from the Far East, which used to amount to about 1¾ million tons[3] per year. The French West African Colonies practically ceased to export during the latter part of the Vichy régime, and in the Argentine grain and linseed were burned owing to lack of fuel. By this time also floating factories, which in pre-war days used to produce whale oil from the Antarctic, had either been sunk or were being used for other purposes, which meant that the pre-war annual production of about ½ million tons[2] of whale oil fell to an insignificant figure. Then, India began to consume more of her own crops, a matter which I will discuss more fully later on. Thus the situation was transformed ; on the one hand the bulk of the European demand was cut off, but on the other hand, sources of supply were reduced to a greater extent. There was little that could be done to meet this situation except in the United States of America with their immense resources. There the Department of Agriculture was able, by the encouragement of relatively high prices, to secure in 1943 and 1944 a heavy increase in production of oils and fats, amounting to over one million tons[4] per annum more than the immediate pre-war figure. Even this magnificent achievement, however, did not mean that the quantities available to the rest of the free world were by any means ample. Rationing, or restriction of consumption by other methods, was still necessary in most countries.

Post-war Supplies

When the offensive against Germany began it was quite clear to all who were studying the position that upon the liberation of Europe, there would be a demand for oils and fats such as would result in a most serious shortage and that this would remain until the usual supplies from the Far East became available once again. At that time it was thought that there might be a year or eighteen months between the defeat of Germany and that of Japan. Although this period proved to be very much shorter, the resumption of supplies from the Far East has, unfortunately, been disappointing. For instance, in Sumatra, which exported 220,000 tons[5] of palm oil in 1938, the political unrest is

1 *See Appendix D*
2 ,, ,, *C*
3 *See Appendix G*
4 ,, ,, *E*
5 ,, ,, *F*

preventing the export of anything whatever. Even when law and order has been restored it will take some time before the palm oil plantations can resume shipments at pre-war level. Malaya exported the equivalent of 130,000 tons[1] of oils and fats in 1938, but the present rate amounts to no more than 50,000 tons. Manchuria, which used to export the equivalent of about ½ million tons[2] of oils and fats, is exporting a mere few thousand tons a month of soya beans which, with their low oil yield, make hardly any contribution at all. It may be that there are exports by rail to Russia, but the figures are not available. Supplies of copra from the Dutch East Indies are also disappointing. Before the war the oil equivalent from this source amounted to 360,000 tons,[1] whereas in 1947 it is unlikely to exceed 100,000 tons. Only from the Philippines have the results been encouraging. The pre-war export from there used to be equivalent to about 375,000 tons[1] of oil ; in 1946 the exports reached pre-war level, and in 1947 the export is proceeding at the rate of 600,000 tons per annum. Altogether, however, you will see the Far East is a long way from supplying its pre-war quantities.

II

NEW FACTORS

But there are other causes which in varying degree contribute towards the shortage of oils and fats.

First there is the tendency for producing countries to consume a greater part of their own production. This cannot be deplored, as it is an indication of a rising standard of living for their populations. Indeed, it has arisen from greater prosperity in these countries and is obviously a wholly desirable feature. But, for the time being, at any rate, it has a serious effect on supplies available for Europe.

Before the war India used to export an oil equivalent of 470,000 tons[3] per annum—this year the exports may not even reach the estimate of 140,000 tons which was made at the beginning of the year. No doubt the aim of the Governments of India in future will be to improve their own level of consumption, and, while the ability to do this will depend on their own economic position, we must be prepared to see India disappear as an exporter. There is ample room for improvement in the consumption of oils and fats for all purposes in India, for I estimate that her *per capita* consumption amounts to only 11 lbs. per annum[4] against 64½ lbs. per annum in the United Kingdom in 1938, and 47½ lbs. today.

A second factor is the increase in the habit of drinking milk. This is chiefly noticeable in the United States and Great Britain. It is to be welcomed, but it reacts adversely upon the supply of available oils and fats. Nutrition experts agree that drinking milk or consuming it *whole* as an ingredient of food is the most sensible way of utilising it, for the public thereby obtain the full benefit, whereas if it is made into butter a large proportion of the valuable skimmed milk is not being used as human food.

1 *See Appendix F*
2 „ „ *K*
3 *See Appendix J*
4 „ „ *H*

Under a survey of this kind, however, the tendency for a heavier consumption of milk must be mentioned, for if it continues, as it should, it may in practice mean that additional quantities of oils and fats will be required. It is true that theoretically the heavier consumption of milk is a change in the habits of feeding rather than the creation of an actual shortage in that the population obtain the butter fat in this way and may, in theory, need less other fats ; but whether they actually will demand less of these other fats is doubtful.

Thirdly, there has been a serious decline in production of oils and fats in Western Europe. Here it was mainly in the form of butter and other animal fats such as lard. The shortage of animal feeding stuffs and the likelihood that improvement will be slow, mean that it will be a long time before the European production of butter and lard can be brought up to the pre-war level.

Finally, by the International Agreement on Whaling, a season's catch is restricted to a level which during the 1946/47 season produced 320,000 tons[1] of whale oil, whereas a pre-war season's production was 500,000 tons[2].

III
CONTROLS AND PRICE LEVELS

In all, I estimate that the 1947 world production of oils and fats is about 2½ million tons per annum below the pre-war figure. If one takes into account the fact that the population of the world must have increased by about eight per cent. since 1939, which would mean an additional requirement of 1½ million tons per annum, the total deficit compared with pre-war quantities amounts to about four million tons.

With Europe in its present condition it is doubtful whether it could afford to purchase its share even if it were available. To give an example, Germany was a pre-war importer of about a million tons of oils and fats, and today is in no position to import more than a few thousand tons. On the other hand, it is quite evident that the effective demand today is greater than the supply, for in purchasing a considerable part of their requirements, countries of Western Europe have to pay a very high price.

The reaction of Governments in most countries of Western Europe has been to seek to prevent the situation from getting out of hand by the imposition of controls, which has had the effect of excluding from operation the normal machinery of business, and establishing a price level which is unreal. It is said that if Governments would abandon their controls and leave the business to those who are experienced in it, there would be greater supplies and prices would more quickly get back to normal. I believe this to be true as a general proposition, although I do not think it is yet expedient in the case of oils and fats.

In this connection it is interesting to study recent events in the United States. First, however, I should explain that for several years the available supplies of oils and fats have been apportioned amongst the various nations by agreement, first of all through the Combined

1 *See Appendix A (Note)*
2 „ „ *C*

Food Board, and subsequently through its successor, the International Emergency Food Council. It was no easy task to satisfy all the different claimants and some countries, owing to their greater self-sufficiency, secured a greater *per capita* amount than others. During the war years prices of oils and fats in the United States were subject to control and there were also regulations laying down the quantities that could be used in different industries. During this period of control the United States tallow prices, for example, were £55 per ton compared with a price of £50 in the Argentine. If we now look at what happened after the removal of controls the contrast will be interesting. During the early part of 1946 a demand arose in the United States for release from all controls and with this as a possibility sellers began to hold back, resulting in artificial shortages of various agricultural products. It was probably this shortage that forced the hands of the Administration, but for whatever reason, control over the prices of oils and fats in the United States was abandoned in October 1946, whereupon prices rose continuously until the peak in about March/April 1947. During this period of rising prices the International Emergency Food Council was still allocating supplies amongst the various nations but there began to be doubts whether, in the face of the de-control in America, this system could continue, and this had its effect upon the prices which were paid in other markets besides the United States. At any rate, by March 1947 the comparison of prices was as follows : tallow in the United States £148 per ton and from the Argentine £200 per ton. Then, in May 1947, prices began to fall in the United States, but not in the Argentine, and as a result there is now a disparity in the price levels which has never been experienced before. Tallow in the United States is back again to about £70 per ton against about £210 per ton in the Argentine. During this period the prices of lard, cotton and related oils followed a similar pattern.

Now this lower price level in the United States today is the result of private bargaining between numerous sellers and numerous buyers, whereas the higher price in the Argentine is the result of bargaining between one seller, namely, the Argentine Government, and other Governments as buyers.

It would be easy to argue from this experience in the United States, with its quick rise and its sudden precipitous fall, that the advocates of de-control were right. The problem, however, is not as simple as that; for the export of oils and fats from the United States is under strict control and the lower prices within the United States, compared with the rest of the world, are, therefore, undoubtedly due to the fact that the supplies available to her people are liberal. In other words, in spite of freedom from control inside the United States, the prices are still artificial in the sense that they are sheltered from the demands of the rest of the world which is not so well supplied.

To return to Western Europe; it is important from the point of view of their foreign trade balances that nations should not compete strongly with each other as buyers. If control were abandoned it would be impossible to avoid this competition. Again, within the boundaries of any one country, abandonment of control might easily drive the price

up to a level which would cause suffering to a part of the community Moreover, with the huge trade deficits which confront England, Holland and other countries of Western Europe, only the Government in each country can decide how much money can be afforded for imports of oils and fats.

I conclude that the gap between supply and demand is too big to permit abandonment of Government controls in either Great Britain or Holland at this time.

IV

PRICE REDUCTION

Co-ordinated Buying

I do, however, urge that the shortcomings of Government control should be mitigated as far as possible, and I will give examples. The critical position today of the countries of Western Europe, illustrated by their trade deficits, is due in no small part to the high prices of imported foods, including oils and fats. First of all, then, the Governments of Europe which agree to the allocation of supplies by the International Emergency Food Council should not make their deficits worse by competing in their purchases but should co-ordinate their buying. Secondly, whereas an ordinary business would act very cautiously in the face of the high prices which are being paid today for the marginal quantities of oils and fats in the Argentine and elsewhere, Governments, even when advised by competent business people, in their anxiety to maintain supplies probably pay a much higher price than the public itself would pay. To give an example, I estimate that the price Great Britain pays for the last 10 per cent. of its supplies of oils and fats, excluding linseed oil, is more than three times the price of the remaining 90 per cent.

Politically, the decision may be difficult to make, but, providing all unessential imports had first been cut, the Government, like any other buyer, ought to take the risk of smaller supplies in an attempt to break these high prices. European Governments today are paying in some markets seven or eight times the pre-war level for oils and fats, and I cannot believe that the public itself would consider such a level justified even with the present supply position. If these very high prices were received by the producers and had to be paid by the public consuming them, you would have on the one hand stimulation of production, and on the other consumer resistance, which together would help to reduce the price level. Unfortunately, however, the farmers in the Argentine do not themselves receive the high prices paid. Nor do the consumers in Western Europe always realise what is being paid for their food because of subsidies.

Withdrawal of Subsidies

Under the conditions with which we are faced I am emphatically of the opinion that the earliest abolition of the subsidies on food is essential. The speed with which this can be done will vary from country to country, depending on the relationship of cost of living to the wage level. In Great Britain the change should be made now.

Increase in U.S. Exports

Another step that would help to reduce the excessive prices that are being paid for marginal supplies of fats would be the granting by the United States and the Philippines of larger allocations for export. As we have seen, the United States' internal supplies are now liberal, and no undue disturbance should result. The release of relatively small amounts should greatly strengthen the hands of the European buyers in resisting high prices elsewhere.

These then are the actions that can be taken to bring about lower prices within the present supply situation. They are of urgent importance for Western Europe whose immediate problem is to get as much or more than she is getting now for less money. But the basic problem of increased supplies remains, and we must now explore it.

V

INCREASE OF SUPPLIES

Temporary Increase in Whaling

First whale oil, to which I referred earlier. The International Agreement on Whaling limits the numbers of whales that may be caught in any year. This arrangement, which is an agreement between nations interested in whaling, is based upon scientific advice and is designed to prevent extermination of the whale. In view of the fact, however, that very little whaling went on between 1940 and 1945, I question whether in times of such gravity as the present it is sound policy to maintain these restrictions on the number of whales to be caught. The extra quantity of oil each year for the next few years when the need is so great would, I think, justify any risk that there might be in suspending the operation of this part of the Agreement for two or three years. If we assume that Western Europe has to pay £200 per ton for the marginal portion of its requirements of oils and fats, and if we make the fair assumption that by the relaxation of these restrictions there would be an increase in the supply of whale oil over the next two or three years amounting to 100,000 tons, this would be equivalent to a contribution of £20 million towards Western Europe's deficiency of external exchange—an opportunity which I think should not be missed, particularly as some part of the exchange saved would be dollars.

It involves the agreement of the other nations, but in these times such agreement should be forthcoming from all nations who are interested in seeing a solution of the present difficulties.

Soapless Detergents

Help can also be derived from what are known as soapless detergents. These are sometimes made from fats, but they can also be made from mineral oil, and when obtained in this manner they have the same effect as an addition to the supply of oils and fats for soapmaking. We, in this Company, have been interested in soapless detergents for many years and have spent considerable sums on research upon them. We are makers of detergents and it does not matter to us whether we start

from oils and fats or from other raw materials as long as the final product is satisfactory. We have ready for the market products of this nature, and would make them to the fullest possible extent, limited only by the supply of the various necessary materials and the suitability of the final product. In this connection it must be borne in mind that at present they can only be produced in the form of powders, pastes and liquids, and, naturally, the demand of the public for detergents is not entirely in these forms.

The quantities of the basic material being produced in the United Kingdom could probably all be utilised. In Holland, where the material is also about to be produced, it is doubtful whether the whole quantity could be utilised in that country itself, but most probably any excess could be consumed in other parts of Europe. It appears, however, that at present the principal limiting factors are not the scope of this type of detergent, but the shortage of supplies of packing materials and certain chemicals. It is difficult to assess the possible savings of oils and fats that could occur in Europe from the probable output of these soapless detergents but it might, next year, amount to as much as 50,000 tons.

During the last twelve months there has been a considerable expansion of the trade in soapless detergents in the United States, and it is estimated that as much as 10 per cent. of the total detergents in that country are soapless. This is an important figure and, if these detergents were all made from a mineral oil base, it would be equivalent to saving something like 80,000 tons of fats per annum.

Important as these quantities are, in order to see them in perspective you should note that the world soap production was nearly six million tons per annum before the war, which must have included something like three million tons of oils and fats.

Restoration of Pre-war Sources and the Development of New Ones

The main effective improvement in the supply position of oils and fats must, however, come from the restoration of production still suffering from the effects of war and from the development of new sources. I have already indicated where the chief task of restoration lies. It is in Indonesia and Malaya, although there is also something to be done in the French African Colonies. Pre-requisites are the re-establishment of law and order or the improvement of communications and channels of commerce, or both. There is also the problem of production of animal fats in Western Europe itself. This depends on the supply of feeding stuffs, which again demands supplies of fertilisers. No quick progress can, therefore, be expected.

Now as to new sources. The need for them is emphasised by the fact that the world's population is steadily increasing. As it is desirable that the standard of living everywhere should go on rising, it means that new sources of supply must likewise go on being developed in a corresponding degree.

There are two approaches. First, through annual crops, of which the most important are groundnuts, sunflower, rapeseed, soya beans and linseed ; and secondly, through tree crops such as palm oil and kernels,

and copra. Western Europe is restricted by climate to the annual crops of linseed and rapeseed. The opportunities for increased production are limited because almost all the suitable land is at present being cultivated for other crops, and additional quantities can only be grown at their expense. It is probable that only in a few cases would the change show a favourable balance judged by economic standards. The scope of these operations is indicated by the plan for Great Britain to increase the cultivation of linseed so as to produce quantities rising to 60,000 tons of oil by 1951. In Holland higher prices have been fixed for rapeseed with the expectation that 15,000 tons of oil will be produced next year.

The main projects, however, must be based on the utilisation of land at present undeveloped. The principal reserves are in Tropical Africa and the East Indies. The British Government's East African Groundnut Scheme, in which you will remember we are playing a prominent part through the United Africa Company as the Government's managing agents, is an outstanding example of how to tackle the problem. This scheme will take six years to come to full fruition, when it is expected to produce an oil equivalent of 250,000 tons from 3¼ million acres. Big as the scheme is, the quantity will not fill the gap in supplies caused by India's partial withdrawal from the export market. It will be apparent that a number of schemes of this size must be undertaken, and even if tackled now it will be two years before they could begin to show results.

The magnitude of these projects is such that they immediately raise the question of the provision of the necessary capital resources. Normally the territories to be developed would look to Europe for this, but whether the labour force and production facilities to make the equipment needed can be provided is, at least, open to doubt. The alternative is to look to America, which again raises the question of balance of payments.

The annual crops, groundnuts and sunflower, are to be preferred where time is the governing factor. Suitable unused land would appear to be available for them in the Gold Coast, Nigeria, French and Portuguese Africa, and possibly in Celebes and the Moluccas. A British Mission will shortly be reporting on the first two of these areas, and a Dutch one is about to proceed to Eastern Indonesia. Further, the French Government have established a Commission to study the possibilities in French Africa, which has already evolved plans for a substantial increase in the production of groundnuts in Senegal.

The planting of trees to bear palm products and copra is a longer term remedy, from seven to ten years being required before production materialises. Generally speaking, the most suitable soils are found in the East Indies, the yields from tropical Africa per acre being not more than one-third of the best Sumatran soils. The reserves of land available are, however, much greater in Africa.

Although it is unwise to be dogmatic about relative costs, the probability is that in the long run, vegetable oils from tree plantations will continue to be cheaper than from annual crops. This is of special importance for the peoples of Africa and Asia, whose ability to obtain sufficient fats depends so much on price. It is, therefore, desirable, despite their long-term nature, that tree plantations should have their place in new large-scale development.

VI
CAPITAL EXPENDITURE AND THE BALANCE OF PAYMENTS

It will be apparent from what I have said so far that we cannot leave the discussion of the world shortage of oils and fats without some reference to the international balance of payments problem. Even if the necessary supplies of oils and fats were available, most of the countries of Western Europe would be unable to pay for their full requirements. Germany alone needs, at least, one million tons of extra imports—£200 millions at today's marginal price level—to restore even the guns-before-butter standard of 1938.

The other countries of Western Europe are most of them suffering from a similar, if less accentuated, inability to meet the cost of their imports out of current exports or capital assets accumulated in the past. The full restoration of pre-war standards of consumption is, therefore, possible immediately only if imports can be financed by loans, or met by gifts ; and ultimately if the industrial capacity of the countries with unbalanced accounts is developed until they can pay by exports for what they wish to import.

The maintenance of the standard of living of Western Europe is, therefore, dependent either on some new orientation of her productive plant and labour force that will increase the total productivity of her natural resources and her people, or on outside help, or on both. If we accept that it is undesirable as well as improbable that outside help will be forthcoming without Europe itself making a contribution, we must consider whence increased productivity within Western Europe can spring.

The first priority for the available manpower and resources in the United Kingdom, Holland and other countries of Western Europe is in the production of necessities or of those capital assets which themselves will quickly help to produce necessities, and also of manufactured articles which can themselves be exchanged for them. What Western Europe cannot afford at this moment is to use its resources merely in improving existing machinery or in producing new assets which will not contribute immediately to Western Europe's basic necessities. Full use should be made of existing capacities in any field of manufacture before new factories are erected. The times are grim, and until Western Europe can supply its own basic needs the policy within industry and the sphere of public works should be one of " make-do and mend ".

Let us see then how this can be applied in the industries with which we are concerned. Much of the capital equipment of the oils and fats industries of Germany has been destroyed. We have seen that it will be a considerable time before the pre-war productive capacity in these industries elsewhere in Western Europe is going to be fully employed. In other words, in some countries where the damage has been light excess capacity exists. Some way must, therefore, be found so that before any re-equipment takes place in Germany, and indeed in other countries, these existing facilities are first brought into full use. Unless immediate action is taken it will be too late, for already a start has been

made in Germany where factories are being rebuilt and new ones erected which cannot be justified for many years to come. This building effort should be diverted to providing production facilities for other goods that are urgently needed.

It would be surprising if a similar situation did not exist in other industries. If this is so, a very substantial short-term saving in deployment of labour and resources for capital re-equipment can be effected. Furthermore, if until the full pre-war output is in sight the existing production units throughout Western Europe concentrate, as I have suggested, on a policy of " make-do and mend ", the release of capital goods potential would be still further augmented.

The savings to be effected in these ways are vital to the ultimate restoration of Western Europe's living standards. They can only be achieved by tackling Western Europe's problem as one on a practical basis from which immediate results can be achieved. It is, therefore, devoutly to be hoped that the conversations that are now taking place in Paris will give a bold indication of the path to be followed.

VII

CONCLUSIONS

In this short space of time I have covered a wide field and dealt with a variety of subjects, some in considerable detail, others in the broadest terms. What then are our conclusions ?

There is at present an annual world shortage of some four million tons of oils and fats. Supplies can be increased but the process will be slow. The steps which can and should be taken to improve the situation are :

Firstly. The control system, although it cannot yet be abolished in Western Europe, can be made to operate so as to improve the terms of trade by more effective combination in the purchase of raw materials and by the removal of subsidies on the finished products.

Secondly. The countries of Western Europe can increase their home production.

Thirdly. The production in overseas territories, which exported before the war, must be restored to the full, and the re-establishment of the conditions which will make this possible must be accorded the highest priority.

Fourthly. Additional production must be found by bringing into cultivation unused tracts of land as typified by the East African Groundnut Scheme.

Fifthly. An increased use of materials derived from mineral oils can provide additional quantities of detergents.

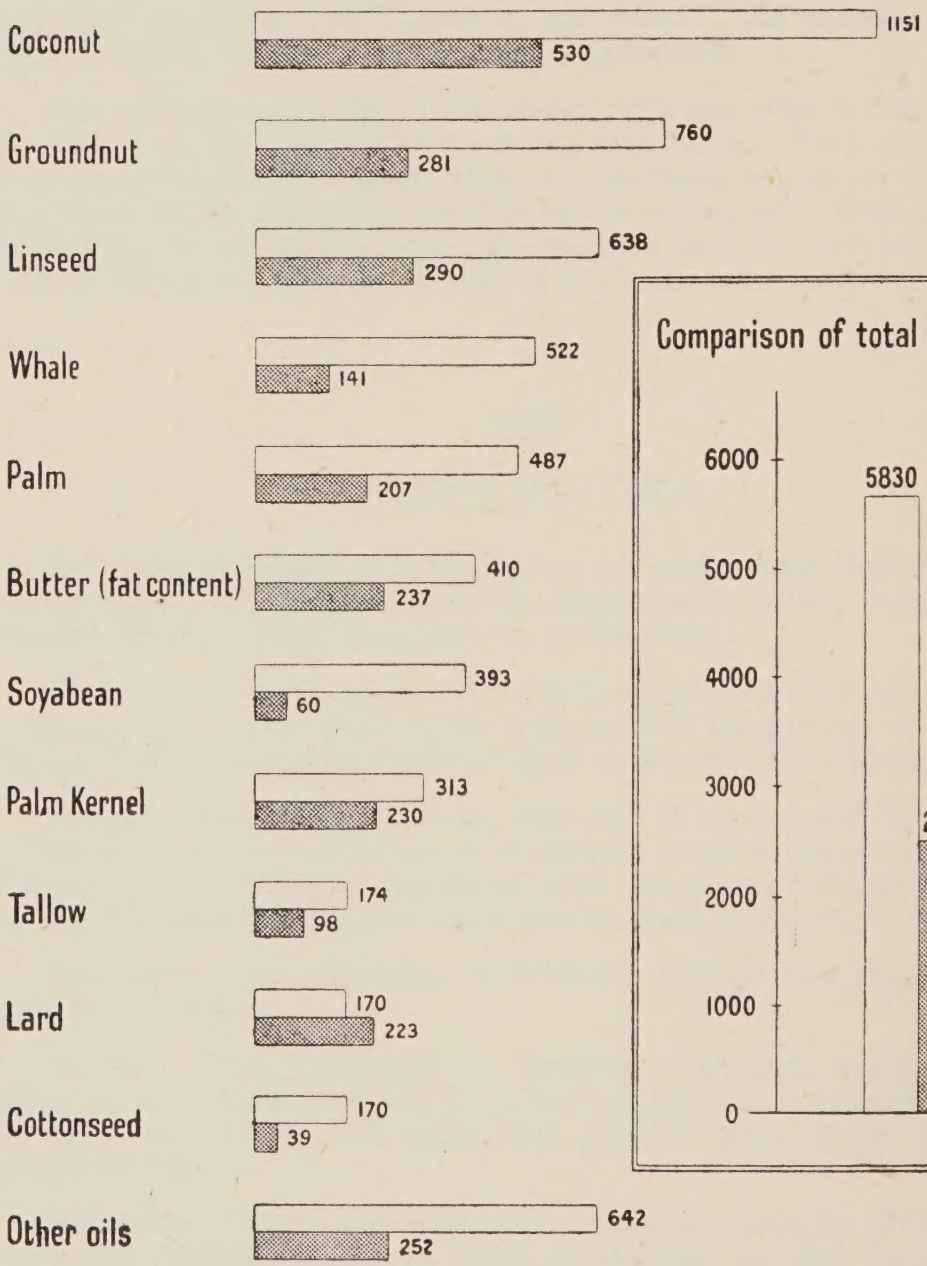
Sixthly. Limitation on the catching of whales should be temporarily suspended.

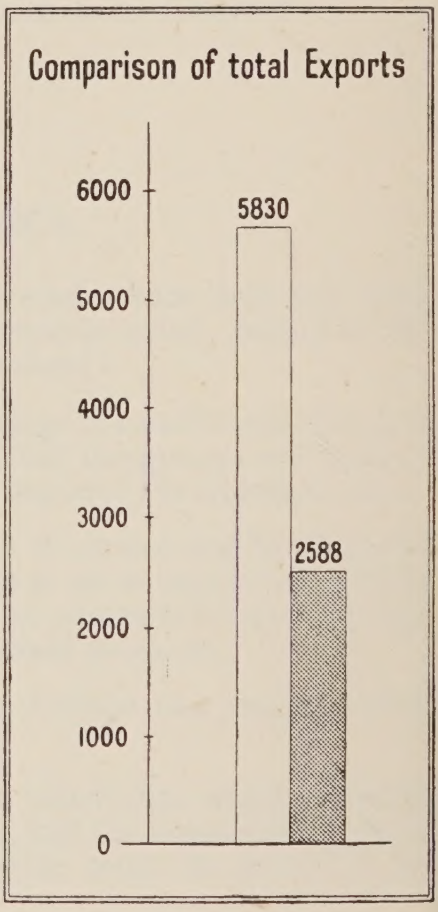
And finally because of the economic plight of Western Europe the resources necessary for the development of new supplies of oils and fats, and indeed of all goods urgently needed, can only be accumulated through better utilisation of existing production facilities, and the foregoing of expenditure on them. The most effective accumulation of these resources will be achieved by treating Western Europe as a whole and by following a policy of " make-do and mend", in all fields of activity which do not immediately contribute to the alleviation of essential shortages.

WORLD EXPORT OF OILS & FATS BEFORE & AFTER THE WAR

(Figures in 1000's of tons in terms of Oil.)

KEY { PRE-WAR (Av. 1935-39)
POST-WAR Estimated 1946





Appendix A

ESTIMATED WORLD PRODUCTION OF OIL AND FATS

Long Tons (000's), (in terms of oil)

	Average 1935–39	1945	1946	1947
Edible oils :				
Cottonseed	1,491	991	1,037	
Groundnut	1,481	1,460	1,475	
Soya bean	1,201	1,308	1,340	
Sunflower	562	711	614	
Olive oil	857	484	795	
Sesame	608	523	504	
TOTAL ...	6,200	5,477	5,765	
Palm oils :				
Coconut	1,437	201	660	1,076
Palm kernel ...	344	232	253	241
Palm oil	607	250	259	286
Babassu kernel ...	27	31	34	36
TOTAL ...	2,415	714	1,206	1,639
Industrial oils :				
Linseed	1,036	909	836	
Castor bean	180	176	157	
Rapeseed	1,216	1,249	1,414	1,581
Oiticica oil	9	13	14	
Tung oil	134	80	89	
Perilla seed	58	45	13	
TOTAL ...	2,633	2,472	2,523	
Animal fats :				
Butter (fat content)	3,304	2,532	2,474	2,581
Lard	2,679	2,143	2,107	2,188
Tallow	1,295	1,536	1,450	1,567
TOTAL ...	7,278	6,211	6,031	6,336
Marine oils :				
Whale	522	39	141	314‡
Fish	281	143	134	170
TOTAL ...	803	182	275	484
ESTIMATED WORLD TOTAL*	19,329	15,056	15,800	

The production for each commodity was determined by estimating the percentage of each used as visible fats and oils. Allowances were made for seed, feed, and oilseeds consumed directly for human food. The following percentages of total production were used in arriving at the visible supplies:

Olive oil, babassu, oiticica, tung, lard, tallow, whale and fish	100%
Castor beans	95%
Sunflower, rape, linseed and perilla seed	90%
Sesame seed	85%
Butter	81%
Cottonseed	75%
Soya beans	65%
Groundnuts	60%

Since export figures are the only reliable data available for most palm oils, an additional percentage was added for local consumption in order to arrive at total production :—

Copra, palm oil, plus 25% ; Palm kernels, plus 10%.

Source : U.S. Office of Foreign Agricultural Relations.

‡ Provisional Unilever estimate, 320,000 tons.

* Excludes ghee in India (800-900,000 tons pre-war).

Appendix B

WORLD EXPORTS OF OILS AND FATS

Long Tons (000's), (in terms of oil)

Commodity	Average 1935–39	Estimate 1946	Estimate 1947
Edible oils :			
Cottonseed	170	39	36
Groundnut	760	281	295
Soya bean...	393	60	64
Sunflower	29	61	63
Olive oil	155	11	22
Sesame	58	5	5
TOTAL	1,565	457	485
Palm oils :			
Coconut	1,151	530	862
Palm kernel	313	230	221
Palm	487	207	226
Babassu kernel	18	16	9
TOTAL	1,969	983	1,318
Industrial oils :			
Linseed	638	290	281
Castor	90	74	76
Rapeseed	40	6	9
Oiticica	4	14	9
Tung	*79	38	40
Perilla	35	0	0
TOTAL	886	422	415
Animal fats :			
Butter (fat content)	†410	237	246
Lard	170	223	188
Tallow	174	98	114
TOTAL	754	558	548
Marine oils :			
Whale	522	141	314‡
Fish	134	27	45
TOTAL	656	168	359
GRAND TOTAL ...	5,830	2,588	3,125

* 1933-37 average. † 1934-38 average.

Source : U.S. Office of Foreign Agricultural Relations.

‡ Provisional Unilever estimate, 320,000 tons.

Appendix C

WORLD EXPORTS FROM PRIMARY PRODUCING COUNTRIES

Average 1934–38

Long Tons (in terms of oil)

	Total		Whale Oil Catch	Total (Including Whale oil)
British Dominions	715,000			
British Colonies and Mandated Territories ...	840,000			
Condominiums	31,000			
TOTAL		1,586,000	210,000	1,796,000
Dutch Colonies (N.E.I.) ...	522,000			
French Colonies and Mandates	382,000			
Portuguese Colonies ...	61,000			
Belgian Colonies	97,000			
TOTAL		1,062,000	—	1,062,000
Norwegian Whale oil ...			201,000	201,000
TOTAL OTHER COUNTRIES		2,629,000	88,000	2,717,000
GRAND TOTAL		5,277,000	499,000	5,776,000

Source : Official statistics.

Appendix D

EUROPEAN OIL AND FAT SUPPLIES

Average 1936–38

Long Tons (000's), (in terms of oil)

	Estimated Domestic Production	Net Import Balance *	Apparent Consumption	Degree of Self-sufficiency %
United Kingdom ...	143	1,273	1,416	10
Eire	71	(4)	67	106
Other Western, Northern and Central Europe :				
Germany	811	896	1,707	48
Austria	88	51	139	63
Czechoslovakia ...	165	139	304	54
Poland	325	29	354	92
Finland	46	8	54	85
Sweden	92	77	169	54
Norway	49	32	81	60
Denmark	184	(52)	132	139
Holland	138	101	239	58
Belgium	85	131	216	39
France	408	517	925	44
Switzerland	36	62	98	37
TOTAL ABOVE ...	2,427	1,991	4,418	55
Mediterranean and Balkans :				
Italy	366	179	545	67
Spain	394	(13)	381	103
Portugal	58	31	89	65
Hungary	128	(18)	110	116
Rumania	177	(23)	154	115
Other Balkans ...	262	(22)	240	109
TOTAL ABOVE ...	1,385	134	1,519	91
GRAND TOTAL EUROPE†	4,026	3,394	7,420	54

* Figures in brackets ( ) represent a net export balance.

† Excluding Russia, Latvia, Lithuania and Estonia.

Source : Unilever estimates.

Appendix E

U.S.A.

OIL AND FAT SUPPLIES

Calendar Years 1937–1948

Long Tons (000's)

		Average 1937/41	1943	1944	1945	1946	Estimated 1947	Estimated 1948
1	Production ...	3,664	4,757	4,772	4,183	3,943	4,200	4,650
2	Imports	881	414	442	410	366	Assumed balanced*	
3	Exports	200	706	735	473	391		
4	Stocks at 31st Dec.	1,028	960	963	771	565	say 560	say 780
5	Apparent Consumption ...	4,307	4,367	4,506	4,329	4,136	4,200	4,430
6	Degree of self-sufficiency ...	85%	109%	106%	97%	95%	100%	over 100%
7	Civilian Consumption ...	4,284	3,932	3,978	3,807	4,069	4,200	4,430
	Civilian Consumption *per capita* (Fat content)	*lbs.*	*lbs.*	*lbs.*	*lbs.*	*lbs.*	*lbs.*	*lbs.*
	Food	46	42	41	40	40	42	43
	Non-Food ...	24	24	26	24	24	24	25
	TOTAL ...	70	66	67	64	64	66	68

Data all shown on crude basis. Production is from domestic materials ; imports represent imports of oil plus production of oil from imported materials. Both imports and exports include fat content of margarine, shortening and soap ; exports include shipments by U.S. Army for European relief, procurements by American Red Cross, shipments to non-contiguous territories, but exclude oil equivalent of oilseeds exported. The figures of " apparent consumption " include adjustments for changes in Government and transit stocks, as well as fluctuations in factory and warehouse stocks recorded on line 4. Line 6 represents line 1 as percentage of line 5. Line 5 minus line 7 represents military requirements.

* In considering overall supplies some assumption is necessary regarding the U.S. trade balance. It has here been assumed that imports and exports will balance, but this should not be regarded as a forecast.

Source : Up to 1946 : U.S. Department of Agriculture. 1947, 1948 : Unilever estimates.

Appendix F

EXPORT SUPPLIES OF OILS AND FATS DUTCH EAST INDIES, MALAYA AND PHILIPPINES

Long Tons

	Average 1934/38	Year 1938
DUTCH EAST INDIES :		
Copra (as oil)	305,000	345,000
Coconut oil	8,000	16,000
	313,000	361,000
Palm oil (Sumatra)	168,000	217,000
MALAYA :		
Imports Copra and oils (as oil)	96,000	99,000
Exports Copra and oils (as oil)	205,000	228,000
Export balance	109,000	129,000
PHILIPPINES :		
Copra (as oil)	181,000	212,000
Coconut oil	157,000	163,000
	338,000	375,000

Source : Official statistics.

Appendix G

OIL AND FAT EXPORTS FROM COUNTRIES CUT OFF BY JAPANESE

Long Tons (in terms of oil)

	Average 1934–38
CHINA	228,000
MANCHURIA	516,000
N.E.I.	523,000
PHILIPPINES	341,000
MALAYA	129,000
KOREA	43,000
INDO CHINA	9,000
NORTH BORNEO	6,000
OTHERS	3,000
TOTAL	1,798,000

Source : Official statistics.

Appendix H

INDIA

PRODUCTION AND CONSUMPTION OF OILS AND FATS

Year 1945/46

Long Tons (000's)

	Crop estimate 1945/46	Less used for seed and edible purposes	Apparent available supply for consumption and export	
			As seed	Oil equiv.
Oilseed crops :				
Groundnuts (decorticated)	2,426	560	1,866	784
Rape/Mustard	910	32	878	307
Sesame	387	90	297	143
Linseed	369	40	329	99
Copra	201	43	158	100
Castor	105	16	89	36
Mowrah, Niger, Safflower, Poppy } Rough estimate.	230	50	180	50

Total vegetable*	1,519
Butter production (estimated)	30
Ghee production (estimated)	589
GRAND TOTAL PRODUCTION	2,138
Plus Imports (oil equivalent)	39
Less † Exports (oil equivalent)	154
APPARENT CONSUMPTION	2,023
Per capita consumption	11·1 lbs.

* The cottonseed crop is excluded from the above figures as although it is substantial (197,000 tons oil equivalent in 1945/46), all the seed was fed to livestock, etc. and not crushed for oil.

† British Indian ports only. Trade statistics for Kathiawar State, French and Portuguese ports for 1945/46 are not available.

Source : Unilever estimates

Appendix J
INDIA
NET EXPORTS OF OILS AND FATS
Long Tons, (in terms of oil)

	Average 1934–38
British ports	375,000
Kathiawar State ports	37,000
French ports	25,000
Portuguese ports	36,000
	473,000
Export Quotas for season beginning November, 1946	
Groundnuts (oil equivalent)	46,000
Groundnut oil	76,000
Linseed oil	20,000
	142,000

Source : Official statistics.

Appendix K
MANCHURIA
NET EXPORTS OF OILS AND FATS
Long Tons, (in terms of oil)

	Average 1934–38
Soya beans and soya oil	402,000
Groundnuts	36,000
Perilla and others	78,000
	516,000

Source : Official statistics.

Appendix L
CHINA (EXCLUDING MANCHURIA)
OILS AND FATS PRODUCTION AND EXPORTS
Average 1934–38
Long Tons

	Production	Net Exports
	Oil equivalent of oilseed crops	Oil equivalent
Groundnuts (undecorticated)	818,000	69,000
Soya beans	870,000	1,000
Rapeseed	820,000	9,000
Cottonseed	275,000	21,000
Sesame seed	392,000	33,000
Tung oil	128,000	78,000
Lard (rough estimate)	310,000	4,000
Other fats and oils (Exports only)	13,000	13,000
Total	3,626,000	228,000
Net exports as percentage of production ...	—	6%

Source : Official statistics.